



## NEWS RELEASE

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For more information:  
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### **No Scandals with Iowa Title Guaranty**

*IFA's Title Guaranty protects homebuyers, lenders, public records; provides funding for affordable housing across state*

DES MOINES – Iowa Title Guaranty will not face the title insurance scandals that have rocked several states recently.

In 1985, the Iowa Legislature created the Title Guaranty Division of the Iowa Finance Authority to protect Iowans citizens from the overpriced private title insurance industry and address the banking industry's need for title assurance. Title Guaranty costs the state no money to operate; protects consumers and the general public and meets a business need for Iowa lenders. Additionally, Title Guaranty's surplus revenues are reinvested in affordable housing across the state – more than \$35 million have been transferred to IFA for housing activities since the program began.

“Title Guaranty fits the needs of Iowa lenders, fits the needs of the homebuyer, and most importantly fits the needs of Iowans,” Director Loyd Ogle said. “Public records are kept clean, lenders can sell their loans so they can invest more dollars into Iowa's economy, and homebuyers get a fair price for the protection. The money generated through this program is reinvested directly into the Iowa economy.”

Colorado insurance investigators recently negotiated a \$24 million national settlement with the country's largest title insurer, First American Title, for a kickback scheme involving fees paid by homebuyers for title insurance. According to Colorado insurance regulators, homebuyers were unnecessarily charged for re-insurance that was essentially used to line the pockets of large homebuilders and real estate brokers.

Like title insurance, Title Guaranty protects lenders and buyers of real estate against loss due to liens, property disputes and deed restrictions that could affect ownership or negatively affect a property's value. In addition, Title Guaranty is statutorily obligated to ensure the certificate holder has “marketable title” – meaning the public records accurately reflect all parties' interests in the property.

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Title insurance companies “insure over” problems for faster processing and increased profits. Instead of clearing the title, they often charge a higher premium if they run into a title problem, leaving interest holders in the property underprotected. Title Guaranty requires that title defects be corrected before a certificate can be issued, which saves time, money and potentially serious problems for the homeowner. Because of Title Guaranty, Iowa has the cleanest public record system in the country.

Title Guaranty premiums are also significantly lower than those of title insurers. The average Title Guaranty premium is \$110. In comparison, Demotech, a respected authority on the title insurance industry, found that for comparable coverage in Pennsylvania, the policy premium was more than \$800.

Title Guaranty also funds Iowa’s housing programs. Since its inception, Title Guaranty has transferred more than \$35 million in excess revenue to the Iowa Finance Authority, the state’s housing agency. Programs funded include the First Home Plus program, a down payment assistance program that provides up to \$2,500 for income-qualified first-time homebuyers. In 2004, 1,500 homebuyers were able to purchase their first home through this program.

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